

STATE OF LOUISIANA :
PARISH OF EAST BATON ROUGE :

No Plat

NO. 335

"A"

WHEREAS, under the provisions of Act No. 30 of the Extra Legislative Session of 1915, as amended by Act 315 of 1926, application was made to the Governor for a lease of the hereinafter described lands, and a report thereon having been made by the Register of the State Land Office; and,

WHEREAS, in response to said advertisements bids were received at the State Capitol on the 13th day of December, 1935, in the presence of A. P. White and Carl Campbell; and,

WHEREAS, it appears that the bid of W. T. Burton, hereinafter styled "lessee", is the most advantageous to the State of Louisiana:

NOW, THEREFORE, Be It Known and Remembered, that said Governor O. K. Allen, acting under the authority of the said Act No. 30 of the Extra Session of 1915, as amended by Act No. 315 of 1926, and in accordance with the terms thereof, and acting in behalf of the State of Louisiana as "lessor", does hereby let and lease unto the said lessee, his heirs and assigns, the hereinafter described property, for the purpose of exploiting the same by geophysical means in locating mineral bearing structure thereon, and for producing therefrom oil, gas and/or other minerals, in and under said property, and also the exclusive right of drilling and operating thereon for oil, gas and/or other minerals, together with a right-of-way for, and the right to lay pipe lines to convey water, oil, steam and gas, and the right to have sufficient water, oil and gas from the premises to drill and operate any wells which the said lessee may bore thereon, and also such other privileges as are reasonably requisite for conducting such operations, and the right to remove from said premises at any time any and all property that may have been placed thereon by lessee, provided that the said lessee shall have fulfilled his obligations to lessor hereunder.

The said property to which this instrument applies is described as follows:

All of the lands, beds and bottoms of all of the rivers, creeks, bayous, lakes, lagoons, bays, coves, sounds, and inlets, including all islands, belonging to the State of Louisiana and not under lease from said State on the date of application, to-wit, November 18, 1935, situated in the Parishes of Plaquemines and St. Bernard, State of Louisiana, comprised and embraced within the area lying East of the Mississippi River, and bounded as follows, to-wit:

Beginning at the intersection of the East bank of the Mississippi River with the Parish line dividing the Parish of Orleans and the Parish of St. Bernard, in the Southeastern Land District East of the Mississippi River; run thence easterly along said Parish line to the intersection thereof with the West bank of Lake Borgne; thence meandering the West and South banks of Lake Borgne in a southerly and easterly direction to the dividing line between Lake Borgne and Mississippi Sound; thence in a northerly direction along the dividing line between said Lake Borgne and said Mississippi Sound to the intersection of said dividing line

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with the State line between the State of Louisiana and the State of Mississippi, as established by decision handed down by the Supreme Court of the United States of America on April 23, 1906, in suit entitled State of Louisiana v. State of Mississippi, reported in 202 U. S. 1, 26 Sup. Ct. 408, 50 L. Ed. 913; run thence in an easterly direction along said State line to the extreme limit or boundary of the domain, territory and sovereignty of the State of Louisiana; thence in a southerly direction along said territorial limit of the State of Louisiana to a point due East of the mouth of Pass a Loutre; thence due West to the mouth of Pass a Loutre; thence meandering said Pass a Loutre to the intersection of said Pass with the Mississippi River, about 2 miles South of Pilottown; thence in a northwesterly direction along the East bank of the Mississippi River to the intersection of said East bank with the Parish line dividing Orleans Parish and St. Bernard Parish, the place of beginning.

There is included in this adjudication all such property now or formerly constituting the beds or other bottoms, and including all land and islands, belonging to the State of Louisiana and comprised and embraced within said area, and particularly Bastian Lake, Raphael Pass, Paddy Bay, Bull Bay, Octave Pass, Dead Women Pass, Brent Bayou, Main Pass, Delta Bend, Bay Denesse, Quarantine Bay, Cuselich Bay, Bay La Mer, California Bay, Auguste Bay, Cox Bay, Little Coquille Bay, Grand Coquille Bay, Grand Bay, Breton Sound, American Bay, Black Bay, Lake Callebasse, Lake Jean Louis Robin, Lake Coquille, Lake Machias, Lake Fortuna, Lake Amade, Lake Athanasio, Eloi Bay, Chandeleur Sound, Lake Eloi, Christmas Camp Lake, Lake of the Mound, Morgan Harbor, Whitelog Lake, Skiff Lake, Twilight Harbor, Scow Pass, Martinbox Bayou, Lake Eugenie, Treasure Bay, Lawson Bay, Shell Island Lake, Fishing Smack Lake, Drum Bay, Conkey Cove, Indian Mound Bay, Kerchimbo Bay, Keelboat Pass, Liveoak Bay, Fox Bay, Red Fish Bend, Elephant Pt. Pass, Crane-town Bay, Mississippi Sound, Le Petit Pass, False Mouth Bay, Blind Pass, Nine Mile Bayou, South Bayou, Three Mile Bay, Three Mile Bayou, Nine Mile Bay, Bay Bodresu, West Karako Bay, Johnson Bay, N. W. Jack Williams Bay, Greque Bayou, Turkey Bayou, Drum Bayou, Johnson Bayou, Grand Island Pass, Deep Pass, Chino Bay, S. E. Jack Williams Bay, Jack Williams Bayou, Oyster Bay, Grand Pass, and Cat Island Channel:- this particularization, however, not being or intended to be all-inclusive.

TO HAVE AND TO HOLD unto the said lessee, his heirs and assigns, for the term and under the conditions hereinafter set forth, to-wit:

I.

Lessee has this day paid to lessor the sum of ---Fifty Thousand--- (\$50,000.00) Dollars for the right to begin operations for the drilling of a well on the herein leased premises at any time within one (1) year from the date hereof, said sum also being part consideration for lessee's right to delay such operations under the conditions hereinafter provided.

Should lessee fail to begin operations for the drilling of a well on the premises within the one (1) year period above provided then the said lessee is granted the right to defer such operations for an additional one (1) year period by

paying to lessor the sum of --Twenty-five Thousand--
(\$25,000.00) Dollars on or before
the expiration of the one (1) year period from the date hereof;
and provided further, that lessee may continue to delay such
operations for the drilling of a well on the herein leased pre-
mises for successive periods of one (1) year by paying to lessor
the sum of --Twenty-five Thousand---
(\$25,000.00) Dollars on or before the expiration of any period
during which lessee shall have deferred operations for the drill-
ing of a well on the herein leased premises; provided, however,
that lessee's right to defer the beginning of operations for the
drilling of a well on the herein leased premises shall not exceed
in the aggregate five (5) years from the date of this lease.

If during the period of five (5) years from date here-
of lessee shall begin drilling on the premises and shall there-
after cease such drilling operations for more than ninety (90)
days prior to developing oil, gas or other mineral in paying
quantities, then the said lessee may continue his rights in ef-
fect for the remainder of said five (5) year period by resuming
payments as above provided, and by paying to lessor within ninety
(90) days from the cessation of such drilling operations the pay-
ment for the current period which lessee must have paid to main-
tain his rights had lessee begun no such operations.

II.

(a) If at any time during said five (5) year period
lessee shall commence operations for the drilling of a well upon
said leased premises, lessee shall thereupon have the right to
select and retain under the terms and conditions of this lease
twenty thousand (20,000) acres surrounding said well, free from
the rental hereinbefore stipulated, said selection to be made
by lessee at the time of completion of said well, or thereafter,
at the option of said lessee, provided said operations on said
well are continued to completion or abandonment thereof, and
provided further, that said operations on said acreage are con-
tinuous thereafter, in the sense that until oil, gas or other
mineral is produced in paying quantities not more than ninety
(90) days shall lapse between the abandonment of work on one
well and the beginning of operations for the drilling of ano-
ther well, and if said operations result in the production of
oil, gas or other mineral this lease shall remain in full force
and effect as to said twenty thousand (20,000) acres so long
thereafter as oil, gas or other mineral is produced in paying
quantities from any well on said twenty thousand (20,000) acres.

(b) Having so commenced the drilling of said well
referred to in paragraph (a) next preceding, and having thereby
earned the right to hold and retain under the terms and condi-
tions of this lease twenty thousand (20,000) acres surrounding
said well free of rental, lessee is granted the right of con-
tinuing said lease as to all of the remainder of the acreage em-
braced therein, less said twenty thousand (20,000) acres, from
year to year for the full period said twenty thousand (20,000)
acres is held by the operations hereinabove stipulated, by pay-
ing to lessor in advance the annual rental of

--Twenty Thousand---
(\$20,000.00) Dollars, which, when so paid, shall serve to ex-
tend said lease as to such remaining acreage for the full period
of one (1) year.

(c) If at any time while this lease is in force, les-
see commences operations for the drilling of another well on ano-
ther prospective area, separate from the area hereinabove pro-
vided for, he shall have then earned the right to select and re-
tain under the terms and conditions hereof an additional area of
twenty thousand (20,000) acres surrounding said well, free from

the rentals hereinbefore stipulated, said selection to be made by lessee at the completion of said well, or thereafter, at lessee's option, provided said operations on said well are continued to completion or abandonment thereof, and provided further, that said operations on said area are continuous thereafter in the sense that until oil, gas or other mineral is discovered not more than ninety (90) days shall lapse between the abandonment of work on one well and the beginning of operations for the drilling of another well on said prospective area, and if said operations result in the production of oil, gas or other mineral this lease shall remain in full force and effect as to said area of twenty thousand (20,000) acres so long thereafter as oil, gas or other mineral is produced in paying quantities from any well on said area.

(d) Having so commenced the drilling of said well referred to in paragraph (c) next preceding, and having thereby earned the right to hold and retain under the terms and conditions of this lease an additional twenty thousand (20,000) acres surrounding said well free of rental, making a total of forty thousand (40,000) acres which lessee shall be entitled to retain free of rental, lessee is granted the right of continuing said lease as to all of the remainder of the acreage embraced herein, less said forty thousand (40,000) acres, from year to year for the full period said forty thousand (40,000) acres is held by the operations hereinabove stipulated, by paying to lessor in advance the annual rental of ---Fifteen Thousand--- (\$15,000.00) Dollars, which when paid shall serve to extend said lease as to such remaining acreage for the full period of one (1) year.

(e) If at any time while this lease is in force, lessee commences operations for the drilling of another well on a third and separate prospective area from the prospective areas mentioned in the paragraphs (a) and (c) above, he shall have then earned the right to retain under the terms and conditions of this lease the entire acreage embraced herein free from any rentals, so long as operations on all of said three separate prospective areas are continuous, in the sense that until oil, gas or other mineral is produced in paying quantities not more than ninety (90) days shall lapse between the abandonment of work on one well and the beginning of operations for the drilling of another well, and if said operations on all of said three separate areas result in the production of oil, gas or other mineral, then, subject to the other provisions hereof, this lease shall remain in full force and effect so long thereafter as oil, gas or other mineral is produced in paying quantities from all of said three separate areas.

(f) If at any time while this lease is in force, lessee decides that he no longer wishes to carry on drilling operations upon any one of said separate prospective areas hereinabove referred to, then and in that event he shall have the right, at his option, to cease operations thereon and resume, within ninety (90) days from date of such cessation of operations, the payment to lessor of an annual rental in advance of ---Fifteen Thousand--- (\$15,000.00) Dollars, which when paid shall extend this lease from year to year so long as lessee continues operations upon the two other prospective areas, or lessee may, at his option, surrender all the acreage embraced herein, save and except forty thousand (40,000) acres embraced in the remaining two prospective areas upon which lessee continues said operations.

(g) If at any time while this lease is in force, lessee decides that he no longer wishes to carry on drilling operations upon any two of said prospective areas hereinabove re-

ferred to and described, then and in that event he shall have the right, at his option, to cease operations thereon and resume, within ninety (90) days from date of such cessation of operations, the payment to lessor of an annual rental in advance of --Twenty Thousand-- (\$ 20,000.00) Dollars, which when paid shall extend this lease from year to year so long as lessee continues operations

III.

In event oil, gas or other mineral is discovered in paying quantities on any one of said prospective areas then this lease shall remain in full force and effect as to the twenty thousand (20,000) acres comprising said prospective area so long as production continues therefrom; and in event oil, gas or other mineral is discovered in paying quantities on as many as three (3) separate areas, then and in that event this lease shall remain in full force and effect as to the entire acreage herein leased so long as oil, gas or other mineral is produced in paying quantities from said three separate areas.

If after oil, gas or other mineral is discovered in paying quantities production on any of said separate areas should cease, this lease shall not be terminated thereby as to such area, if lessee, within ninety (90) days from the date of such cessation, resumes operations for the drilling of additional wells or reworking existing wells on said area, or if lessee is at that time prosecuting drilling operations upon one or more other separate areas located upon the leased premises, said lessee is granted the right and privilege within said ninety (90) days period from the date of said cessation of production of resuming the payment of the annual rental stipulated in article II hereof in lieu of such drilling or reworking operations.

If in the exercise of the rights herein granted oil, gas or other mineral is discovered in paying quantities in or on the leased premises, said lessee binds himself to thereafter proceed with the further development of said premises with reasonable diligence and to so continue until a reasonable development of the property has been accomplished.

Lessee further agrees that he will, while maintaining this lease in effect, drill any and all wells necessary on the premises to prevent material drainage of oil and/or gas therefrom by wells on adjoining property.

IV.

Should oil, gas and/or other mineral be produced in paying quantities on the premises hereunder, then the said lessee shall deliver to lessor as royalty, free of expense:

One-eighth (1/8th) of all oil produced and saved, delivery of said oil to be understood as made when same has been

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ferred to and described, then and in that event he shall have the right, at his option, to cease operations thereon and resume, within ninety (90) days from date of such cessation of operations, the payment to lessor of an annual rental in advance of --Twenty Thousand-- (\$ 20,000.00) Dollars, which when paid shall extend this lease from year to year so long as lessee continues operations upon the remaining prospective area located upon the leased premises, or lessee may, at his option, surrender all the acreage embraced herein, save and except twenty thousand (20,000) acres embraced within the prospective area upon which lessee continues said operations.

(h) The payments of rental referred to in the paragraphs (b), (d), (f) and (g) above shall be made for the current year in which lessee ceases operations upon said respective areas, and may be made by the check or draft of lessee mailed or delivered to lessor.

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(i) If, in the exercise of the rights herein granted, lessee shall discover oil in paying quantities upon said leased premises, then and in that event lessee agrees to pay to lessor, as an additional consideration for this lease, the sum of --One Hundred Thousand-- (\$ 100,000.00) Dollars, to be paid to lessor only from the proceeds of one-one hundred twenty eighth (1/128th) of the first oil produced, saved and marketed from said leased premises, which said sum shall not be a personal obligation but shall only be paid from the proceeds of one-one hundred twenty eighth (1/128th) of the first oil produced, saved and marketed from the premises herein leased, if, as and when produced, saved and marketed, and in no other manner.

If after oil, gas or other mineral is discovered in paying quantities production on any of said separate areas should cease, this lease shall not be terminated thereby as to such area, if lessee, within ninety (90) days from the date of such cessation, resumes operations for the drilling of additional wells or reworking existing wells on said area, or if lessee is at that time prosecuting drilling operations upon one or more other separate areas located upon the leased premises, said lessee is granted the right and privilege within said ninety (90) days period from the date of said cessation of production of resuming the payment of the annual rental stipulated in article II hereof in lieu of such drilling or reworking operations.

If in the exercise of the rights herein granted oil, gas or other mineral is discovered in paying quantities in or on the leased premises, said lessee binds himself to thereafter proceed with the further development of said premises with reasonable diligence and to so continue until a reasonable development of the property has been accomplished.

Lessee further agrees that he will, while maintaining this lease in effect, drill any and all wells necessary on the premises to prevent material drainage of oil and/or gas therefrom by wells on adjoining property.

IV.

Should oil, gas and/or other mineral be produced in paying quantities on the premises hereunder, then the said lessee shall deliver to lessor as royalty, free of expense:

One-eighth (1/8th) of all oil produced and saved, delivery of said oil to be understood as made when same has been

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ferred to and described, then and in that event he shall have the right, at his option, to cease operations thereon and resume, within ninety (90) days from date of such cessation of operations, the payment to lessor of an annual rental in advance of --Twenty Thousand--

(\$ 20,000.00) Dollars, which when paid shall extend this lease from year to year so long as lessee continues operations upon the remaining prospective area located upon the leased premises, or lessee may, at his option, surrender all the acreage embraced herein, save and except twenty thousand (20,000) acres embraced within the prospective area upon which lessee continues said operations.

(h) The payments of rental referred to in the paragraphs (b), (d), (f) and (g) above shall be made for the current year in which lessee ceases operations upon said respective areas, and may be made by the check or draft of lessee mailed or delivered to lessor.

III.

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(i) If, in the exercise of the rights herein granted, lessee shall discover oil in paying quantities upon said leased premises, then and in that event lessee agrees to pay to lessor, as an additional consideration for this lease, the sum of --One Hundred Thousand-- (\$ 100,000.00) Dollars, to be paid to lessor only from the proceeds of one-one hundred twenty eighth (1/128th) of the first oil produced, saved and marketed from said leased premises, which said sum shall not be a personal obligation but shall only be paid from the proceeds of one-one hundred twenty eighth (1/128th) of the first oil produced, saved and marketed from the premises herein leased, if, as and when produced, saved and marketed, and in no other manner.

should cease, this lease shall not be terminated thereby as to such area, if lessee, within ninety (90) days from the date of such cessation, resumes operations for the drilling of additional wells or reworking existing wells on said area, or if lessee is at that time prosecuting drilling operations upon one or more other separate areas located upon the leased premises, said lessee is granted the right and privilege within said ninety (90) days period from the date of said cessation of production of resuming the payment of the annual rental stipulated in article II hereof in lieu of such drilling or reworking operations.

If in the exercise of the rights herein granted oil, gas or other mineral is discovered in paying quantities in or on the leased premises, said lessee binds himself to thereafter proceed with the further development of said premises with reasonable diligence and to so continue until a reasonable development of the property has been accomplished.

Lessee further agrees that he will, while maintaining this lease in effect, drill any and all wells necessary on the premises to prevent material drainage of oil and/or gas therefrom by wells on adjoining property.

IV.

Should oil, gas and/or other mineral be produced in paying quantities on the premises hereunder, then the said lessee shall deliver to lessor as royalty, free of expense:

One-eighth (1/8th) of all oil produced and saved, delivery of said oil to be understood as made when same has been

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received by the first purchaser thereof. Or lessee may, in lieu of said oil delivery, and at his option, pay lessor sums equal to the value thereof on the premises; provided, that the price paid lessor for said oil shall not be less than the average posted pipe line price then current for oil of a like grade or quality.

One-eighth (1/8th) of all gas produced and utilized, delivery of said gas to be understood as made when same has been received by the first purchaser thereof. Or lessee may in lieu of said gas delivery, and at his option, pay to lessor sums equal to the value thereof at the well, provided that the price paid lessor for said gas shall not be less than the average price then current for gas of like character or quality.

Two (\$2.00) Dollars per long ton for all sulphur produced and saved.

Ten (10¢) cents per ton for all potash produced and saved.

One-eighth (1/8th) of any and all other minerals not specifically mentioned, said royalties to be delivered or paid as is the accepted custom in such matters.

V.

Should lessee, at any time after beginning to exploit the premises as understood herein, decide that he no longer cares to carry on drilling operations, then the said lessee is granted the right to cease such operations, and lessee shall, if he so elects, retain his rights in and to ten (10) acres of the property for each and every well which lessee shall have drilled thereon in an effort to produce oil or gas therefrom; provided that said well or wells shall be located on that portion or portions of the property so retained by lessee; and provided further, that lessee's rights in and to that portion of the premises so retained shall endure only so long as lessee shall produce oil, gas or other mineral from one or more of said wells on said premises in paying quantities.

Should lessee at any time elect to abandon operations as above provided, then lessee shall notify lessor in writing of his intention so to do, and shall specify what portion or portions of the said premises the said lessee is entitled by virtue hereof to retain and operate; and lessee shall, as soon as practicable thereafter, execute any instrument or instruments necessary to a proper release of the undeveloped portion of the premises.

VI.

It is agreed and understood that lessee shall not be required to drill more than one (1) well for each forty (40) acres held hereunder where the premises shall prove to be productive of gas only, save and except where such well, or wells, are necessary to prevent drainage of gas from the said premises by wells on adjacent property; and it is further agreed that should lessee at any time elect to abandon drilling operations as provided in paragraph V hereof, then the said lessee shall be entitled to retain his rights in and to forty (40) acres for each and every gas well from which he shall at such time be producing gas in paying quantities; provided also, that any well or wells so producing shall be located on that portion or portions of the property retained by lessee; and provided further that

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lessee's right to so hold such portion or portions of the said premises shall endure only so long as lessee shall produce therefrom gas in paying quantities.

VII.

If at any time during the life of this lease, lessee elects to no longer maintain the rights herein granted in effect, then the said lessee shall have the right to release and reassign unto lessor any and all rights hereby held unto lessee, whereupon this contract shall wholly terminate.

VIII.

It is agreed and understood that operations hereunder shall offer no impediment to navigation.

IX.

It is further agreed and understood that no transfer, whether in whole or in part, of the herein leased property shall be valid unless such transfer or assignment be approved by the Governor of the State of Louisiana.

THUS DONE, READ, ACCEPTED AND SIGNED by the parties hereto, the lessor, the State of Louisiana, herein represented by O. K. Allen, Governor, and the lessee, W. T. Burton, in the presence of A. P. White and Carl Campbell, and before me, H. C. Comish, Assistant Secretary of State, on this 23rd day of January, A. D. 1936.

Witnesses:

A. P. White
Carl Campbell

Oscar K. Allen GOVERNOR
For the State of Louisiana, Lessor

W. T. Burton
Lessee

H. C. Comish
Assistant Secretary of State

